

GEO

Guyana Economic Opportunities

A Framework for Reorganizing and Empowering the Guyana Office for Investment (Go-Invest)

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PREFACE

This report is a follow-up to an assessment (GEO Technical Report No. 22) conducted by the author of the operations and institutional setup of the Guyana Office for Investment (Go-Invest). The Government of Guyana has agreed with many of the findings of that assessment, and is currently embarking on a program to reorganize and revitalize export and investment promotion in Guyana. The new CEO of the agency that is to replace Go-Invest requested the assistance of the Guyana Economic Opportunities (GEO) Project in providing recommendations as to a new mandate and structure for the new promotional agency. Since the new agency had not been named at the writing of this report, the agency is referred to by its old name, Go-Invest.

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I. AN APPROACH TO PROCEEDING WITH GOINVEST

The following outlines a potential approach for proceeding with GOINVEST and is based on the Diagnostic Report.

I have identified three steps or stages that may be implemented, most likely in conjunction with each other. These steps or stages, each of which will be detailed further below, are:

1. Internal Organisational Restructuring
2. Advocacy and development
3. Medium and Long Term Strategy

Internal Organisational Restructuring

There are a number of things that are required for the agency to achieve its full potential. Most of these are included in the consideration of steps 2 and 3 below. They deal with the policy of the Government in respect of policy for investment and export promotion, and proper mandates for the agency, and Strategic Planning for Investment and Export Promotion and for GOINVEST itself.

However there is a need to ensure that the agency develops an immediate capacity to do even those things that it is currently empowered or required to do. Up to the present time, the administrative and operating structure of the agency has been quite weak and the elements of this first step are designed to treat with this weakness and to help the agency to develop, in the short run, a capacity to deliver on what it promises, as limited as that may be.

The immediate steps that should be implemented are as follows:

1. Secure immediate mandates, even if they are quite limited.

As an example, the agency may wish to secure a mandate that allows it the power to make decisions on applications for incentives or concessions for investments within existing Industrial Parks under its management.

Decisions made under these mandates in accordance with agreed procedures may then be simply endorsed by the Minister of Finance.

2. Reorganise and establish clear structures for the internal organization of the agency around the jobs that it now does. Develop interim job descriptions and establish initial output and performance targets for each job and each position.
3. Make an immediate investment in information gathering and management using the existing IT capability available. Upgrade that capability by ensuring that the internal network functions as well as the internet access does. Invest

in the creation of a database (including some basic training on the use of the database software available). The database should initially focus on existing customer and other similar requests and provide for file management and follow-up. It will provide a basis for evaluating certain aspects of individual people's performance of their jobs.

The coverage of the database(s) could quickly be expanded to cover the questions most frequently asked by clients.

4. Develop an immediate set of internal procedures outlining:

- Authorities of the agency and of each member of staff;
- Internal operational procedures;
- Financial management procedures
- HR management procedures
- Procedures for reporting to the Board.

Advocacy and Development

This is the area that will help to develop the perspectives for the future and sustainability of the agency and of investment and export promotion in Guyana. The new CEO should make the achievement of these items his personal goals and performance targets. Among the most important areas in this regard are:

1. Adoption by the Government of a set of Policy Guidelines for Investment and Export Promotion. A great deal has been written in this regard to date, and although there may still be areas that have not been completely developed and thought through, there seems to be a sufficiently substantial area of policy congruence that a firm policy statement could be made. Provision should be made for the periodic review of the policy and the statement and for making the necessary changes that may be required from time to time.
2. Against the background of such a policy statement, revise, widen and clarify the mandate for GOINVEST. On the assumption that an Order under the Public Corporations Act is a means by which the Government could direct the agency, a new Order should be developed that will be consistent with the statement of policy.
3. Within such a new Order, consideration should be given to including critical elements of the proposed Investment Code that will help to strengthen the agency and allow it to be more effective. When the comprehensive Investment Code has been enacted as law, then it could be made to supercede such provisions as may have been included in the Order.

4. Utilising the Order, or other instruments that may be available, define clearly the authorities allocated and ascribed to the agency, with such limits as may be considered necessary or appropriate.
5. Define clearly the procedures for changing and updating overall policy, mandates and authorities for the agency.

Medium and Long Term Planning

The planning process for both the overall policy for investment and development in Guyana and for the agency will facilitate the long term achievement of Guyana's development goals. There are two planning elements – An Investment and Export Promotion Strategy and a Strategic Plan for GOINVEST.

1. The Investment and Export Promotion Strategy.

This will include all the relevant aspects of policy as well as the development targets that Guyana wishes to achieve. It will identify strategic sectors, targets, and marketing and promotion strategies.

The process of preparing the Plan will involve the Government/Ministry of Finance, GOINVEST and consultants and may be facilitated by the possible participation of the GEO Project. The planning process will include a major role for consultation with all the stakeholders as has been taking place so far in the development of the several elements of the strategy that have been underway for some time.

Consideration should be given to requiring the agency to co-ordinate and manage the process of developing the comprehensive strategy.

2. The GOINVEST Strategic Plan

This will become the framework for the proper organization, planning and development of the agency. The Plan could only be meaningfully completed when the Investment Strategy has been finalized, or substantially finalized, but it may be developed in tandem with the development of the Investment Strategy. Elements of the Plan will include:

- Human Resource and Organisational Development
- Marketing and Promotion
- Information Technology and strategy
- Capital and expenditure budgets
- Output and performance targets.

II. Mandate and Structure

1.1 Background

Diagnostic study identified critical gaps in GO-INVEST in the following areas:

- Mandate
- Governance
- Organizational Structure and Operating Procedure
- Performance Targets and Monitoring

The following outlines the basis for improved performance for the agency.

1.2 Mandate

GO-INVEST and to some extent its predecessors has achieved limited success partly due to a lack of clarity of its mandate particularly in respect of its authorities. One of the keys to its future success relies on the improved statement of its mandate - along the following lines.

1. AUTHORITY TO APPROVE INVESTMENTS, AND INCENTIVES AND TO ALLOCATE LAND

Pending the development of a comprehensive Investment Strategy for Guyana and Strategic Plan for GO-INVEST the following authorities may be granted to GO-INVEST.

A. For investment proposals requiring implementation in existing Industrial Parks GO-INVEST will have the authority to:

- Review and assess the proposal
- Approve the proposal
- Approve and execute leases for the allocation of land within the Industrial Park
- Approve on behalf of the competent authority the application of the existing incentives and concessions applicable to the type and purpose of investment.

B. For investments that either are to be implemented outside of Industrial Parks and/or require additional incentives and/or concessions, GO-INVEST will

- Review and assess the proposal
- Make recommendations to the appropriate authorities to:
 - approve the proposal
 - allocate and transfer (lease) land
 - allocate and apply concessions and incentives

- Facilitate the process of consideration of the proposal by the competent authorities.

2. AUTHORITY TO MANAGE INDUSTRIAL PARKS

GO-INVEST will be authorized to manage all aspects of the Industrial Parks including:

- Identifying and managing the implementation of needed infrastructural and other capital works, including managing the tender process.
- Maintain in good repair all facilities at the Industrial Park
- Establish and collect appropriate rental rates for usage of the facilities at Industrial Parks
- Allocate the funds to the maintenance and upkeep of the facilities of the Industrial Parks.
- Report to the Minister on funds collected and allocated.

3. INVESTMENT AND EXPORT PROMOTION

GO-INVEST will be authorized and required to create and maintain appropriate databases on investment and export opportunities for Guyana and to seek, by its marketing efforts to encourage potential investors to invest or participate in such opportunities

GO-INVEST will be required to develop marketing and promotional material that identifies the attractiveness of Guyana as a market for domestic as well as foreign investments.

GO-INVEST will be guided by and facilitate the development and review of national investment and export strategies.

4. INVESTMENT FACILITATION

GO-INVEST will facilitate investment in Guyana by:

- Receiving and evaluating all applications by applying entities, and companies for investment, the allocation/acquisition of public land and the application of incentives and concessions.
- Maintaining databases on all other investment projects that may occur entirely in the private sector.
- Recommending the granting of leases of land, incentives and/or concessions to applicants
- Facilitating the granting and communication of approvals.

- Facilitating the rationalization of the existing processes for approving incentives, and concessions and for allocating land.

5. ADMINISTRATION

The Board of Management of GO-INVEST will have the authority to:

- Approve or recommend approval of all applications for facilities, concessions and/or incentives;
- Prepare a Strategic Plan for GO-INVEST.
- Prepare Annual Work Plans and Capital and Operating Budgets for submission to the President for approval and funding
- Approve all capital and operational expenditure within the limits of the approved Capital and Operational Budgets.
- Recruit, employ and discipline staff of the Agency.
- Establish appropriate terms and conditions of service for staff, as well as rules governing the management of staff.
- Establish appropriate financial rules in accordance with best practices, including tender rules and other financial practices for the management of its affairs.

6. GOVERNANCE

GO-INVEST will be governed by a Board of Directors appointed by the President and comprising a Chairman and six other members.

The six members, of whom three will be from the public sector and three from the private sector, may be chosen from among persons qualified in agriculture or agribusiness, industry, finance, law, labour and small business.

The CEO of GO-INVEST will serve as an ex-officio member of the Board.

The Board will be accountable to the President and will report as follows:

- By submitting each month, copies of approved Board Minutes through the Permanent Secretary.
- By providing the President with a quarterly report on its performance in achieving agreed targets for output and for expenditure

- By ensuring that an independent external audit is completed and presented to the President along with its Annual Report, not later than 90 days following the end of its financial year.

7. ORGANISATIONAL RESTRUCTURING/IMPROVEMENT

GO-INVEST will initially be organised into four (4) departments, each reporting to the Chief Executive Officer. These departments are:

- Industrial Parks Department: Responsible for the maintenance, upkeep, management and collection of lease rents at all Industrial Parks.
- Facilitation Department: Responsible for the review and analysis of all applications for facilities, concessions and incentives and ensuring that all government procedures are observed
- Promotion Department: Responsible for the development and management of information on investment and export potential, investment profiles and for the promotion of Guyana as an investment/export market.
- Finance and Administration: Responsible for the financial and general administration of the agency.

8. PERFORMANCE MEASUREMENT

The management, maintaining and evaluation of its performance is a critical element in assuring the effectiveness and impact of the Agency. It will therefore be required to develop a basis for evaluating and measuring its performance. In part this will be achieved by the early preparation of a strategic plan for GO-INVEST. Thereafter, performance targets will be developed in each annual work plan.

The Board of Directors will provide day-to-day oversight to GO-INVEST, review performance on an annual basis, and approve work plans.

A Policy Advisory Board or President's Council of Economic Advisors will provide policy advice and recommendations to the management and Board of Directors in carrying out the GO-INVEST mandate. The Council will be chaired by the President and be comprised of fifteen members appointed by the President. Council members will include:

- The Ministers responsible for finance, investment, economic development and trade.
- Prominent businessmen from within the Caribbean and elsewhere.
- Representatives of Guyana's private sector
- A Representative of the Trade Union Movement

The Council will meet twice yearly to review the status of the economy and make recommendations on improving performance. The Council will also review the progress of GO-INVEST in meeting its performance targets and agency objectives, and

recommend policy changes or initiatives aimed at increasing investment and expanding exports.

III. ON THE GOVERNANCE OF GOINVEST: Functions and Roles

Background

A recent Customer satisfaction Survey of GOINVEST has revealed that to a considerable extent there is dissatisfaction with the results, activities and impact of the agency. The survey revealed that foreign investors have apparently experienced much better results than have local investors who have turned to the agency for assistance in establishing their enterprises.

A Diagnostic Report on the agency has also confirmed the results of the customer satisfaction survey and has identified some of the factors contributing to the low level of satisfaction and generally poor performance of the agency. The Diagnostic Report identified a number of significant gaps and deficiencies in the agency, including:

- The structure of governance and authority
- The lack of a clear operating philosophy
- Unclear relationships with approving authorities
- Inadequacies in the organisation structure, and
- A shortage of the required skills.

This note deals with the governance of the agency and a suggestion for the structuring of the organisation.

Governance

To a large extent, the shortcomings in the governance of the agency derive from two basic sources. Firstly there has been a lack of clarity in the mandate, powers and authorities of the agency. Thus it has been unable to satisfy its clients' needs or to provide them with accurate information on the status of their applications and the progress of approvals.

Secondly there have been gaps in the commitment of both the management and the Board of Directors in relation to the development of the agency and of appropriate systems.

The current efforts to restructure, reorganise and empower the agency provide an opportunity for these shortcomings to be properly addressed. The appointment of Mr. Geoffrey De Silva as the new Chief Executive of the agency points to the intent by the President to invest the agency with real power and authority to discharge its mandate. There is therefore an opportunity to clarify the agency's mandate and to ensure that no gaps exist in the structure and commitment of those responsible for its governance.

One approach that has been suggested to achieve the strength and commitment in governance that the agency requires is for the President of Guyana to be himself appointed as Chairman of the Board of GOINVEST. This suggestion is in addition to the decision to appoint former Minister Geoffrey De Silva as the Chief Executive of the agency.

The suggestion to appoint the President as Chairman of the Board seems to be fraught with its own difficulties, although it clearly will demonstrate the commitment of the President himself to ensuring that the agency achieves its purposes.

The Chairman of the Board will necessarily have to be involved in the normal and day to day running of the organisation and in the process of making decisions on each application that has been submitted to the agency. If the President of the country were to hold this position, his involvement in the details of the deliberations and decision making of the agency is likely to expose him and the agency to significant political risk. Among the ways in which this risk may be revealed are the following:

- Both the Chairman and the Chief Executive of the agency are likely to be perceived as political actors;
- All decisions taken by GOINVEST to accept or refuse any application for facilities, concessions or incentives are likely to be interpreted as purely political decisions;
- The President's active involvement will deny him the opportunity to review decisions taken by the agency, and he will be unable to respond effectively to the appeals and entreaties of applicants who may think that they have not been fairly treated;
- The resulting heavy political tone of the agency will lead to an undermining of confidence in its ability to deal fairly with applicants, and this is a view that will be equally shared by local as well as foreign investors and potential investors.

While GOINVEST is a public agency and will always be subjected to some accusations of political action and influence, it is important that it should be established with a substantial degree of independence and autonomy so that it can deal and can be seen to deal fairly with applicants. This also requires the agency to develop and publish a fairly transparent set of policies and procedures that will govern its actions and decisions.

As the example of similar agencies around the world would demonstrate, the investment in the independence of the agency pays rich dividends, and still allows applicants to appeal to the Minister to whom the agency is accountable in cases where there is some dissatisfaction with the decisions taken.

It is clear however, that the President has a strong desire to publicly demonstrate his commitment to the development and effectiveness of the agency.

We suggest that this can be achieved in the following manner:

- Elevate the appointment of the Chief Executive to that of Executive Chairman, thereby vesting that position with the authority and accountability for both the day to day management of the agency, but for the policies and procedures as well as the decisions adopted by the Board;

- The Executive Chairman may report directly to the President on the operations of the agency. Reporting will be in the form of submitting the Minutes of the Board each month, and by presenting quarterly as well as an annual report on activities, achievements and financial status of the agency.
- The President may consider appointing a Policy Advisory Board which may meet periodically to review Guyana's policy, strategy and achievements in attracting investment and encouraging exports – the activities for which GOINVEST will be held accountable. Such an Advisory Board may be composed of the President, the relevant economic ministers and local as well as foreign businessmen. Representation of the Labour sector may also be included on the Advisory Board.
- Given this composition, the Policy Advisory Board will not only review and recommend strategy and action for GOINVEST, but also for the entire strategy being implemented by the Government to improve the investment climate and environment in Guyana, such as
 - improving education (what kind of skills are needed to attract investment); ·
 - rehabilitating/improving infrastructure - what to do first, etc.·
 - tax treaties
 - macro environment, etc.·

The Board of Directors of GOINVEST will have the full responsibility and accountability for the operations of the agency and for the implementation of Government's policy on attracting new investment and encouraging the growth of exports. This means that the Board will make all decisions that the Agency is empowered to make and will approve/refuse or recommend positively or negatively the approval of any application that has been submitted to it.

In order to ensure that the governance of GOINVEST is established on a proper footing that will assure a successful future for the agency, it would perhaps be valuable, particularly in the beginning, to integrate the management and governance of the agency by appointing the new Chief Executive as Chairman of the Board of Directors as well and making him directly responsible and accountable to the President for the discharge of the functions of the agency. In this regard the principal position in the agency would be that of Executive Chairman.

This approach, which may initially be utilised for a period of two years, seems to be a feasible and acceptable method to allow the agency to fulfil its proper role in the economy. At the end of the period, the approach can be reviewed and evaluated and a decision then taken about continuing in that manner or choosing another path. Some of

the advantages of appointing an Executive Chairman at this juncture in the development of GOINVEST include:

- Clearly defined accountability of the Executive Chairman for all aspects of GOINVEST's operations, including policy and strategy.
- A unique opportunity to parlay the incumbent's political relationships into effective powers for the agency;
- The Executive Chairman will have the authority to implement all the plans that may be developed by the agency without the potential for differences to arise between the Board and the Management.

Functions of the Board of Directors

The Board of Directors (Management) of GOINVEST will have the authority to:

- Approve or recommend approval of all applications for facilities, concessions and/or incentives;
- Prepare Strategic Plans for GOINVEST.
- Prepare Annual Work Plans and Capital and Operating Budgets for submission to the Minister/President for approval and funding
- Approve all capital and operational expenditure within the limits of the approved Capital and Operational Budgets.
- Recruit, employ and discipline staff of the Agency.
- Establish appropriate terms and conditions of service for staff, as well as rules governing the management of staff.
- Establish appropriate financial rules in accordance with best practices, including tender rules and other financial practices for the management of its affairs.

Composition and Accountability

A Board of Management appointed by the Minister/President and comprising a Chairman and six other members will govern GOINVEST. Decisions by the Board will be by simple majority.

The six members may be chosen from among persons qualified in agriculture or agribusiness, industry, finance, law, labour and small business.

The Board will be accountable to the Minister/President and will report as follows:

- By submitting each month, copies of approved Board Minutes through the Permanent Secretary.
- By providing the Minister/President with a quarterly report on its performance in achieving agreed targets for output and for expenditure
- By ensuring that an independent external audit is completed and presented to the Minister/President along with its Annual Report, not later than 90 days following the end of its financial year.

Functions and Composition of the Policy Advisory Board or Council of Economic Advisors

We have suggested the establishment of a Policy Advisory Board on Investment and Export Policy. The purpose of this will be:

- To review the performance and policy direction for the Agency and for Guyana's overall investment strategy.
- To recommend changes in and the direction of such policy for Guyana and for GOINVEST

The Policy Advisory Board will be chaired by the President of Guyana and will be composed of the following who shall be nominated by the President.

- The Ministers responsible for finance, investment, economic development and trade.
- Prominent businessmen from within the Caribbean and elsewhere.
- Representatives of Guyana's private sector
- A Representative of the Trade Union Movement.

The Policy Advisory Board will meet twice yearly in February and in August. Once per year, at the February meeting, the meeting will be open in part to a wide public audience who may participate in discussing reports of the performance of GOINVEST and other discussions related to policy and direction for GOINVEST and for Guyana.

Organisation Structure for GOINVEST

We have given consideration to an appropriate organisation structure, at least in the initial stages, for GOINVEST. We recognise that when the Investment Strategy for Guyana and the Strategic Plan for GOINVEST have been completed, that the structure of the agency may have to again be reorganised. However, we think that in the initial stages the agency needs to implement a clearly defined structure within which the roles of the staff may be clarified and which may form the basis for beginning the assessment of the capabilities of the organisation.

We present our proposed organisation structure in the form of a functional structure since we are not in a position at present to define specific staff allocations and responsibilities.

The structure calls for three operating departments and an administrative department. The latter will take care of all the administrative and financial management requirements of the agency.

The operating departments and their responsibilities are as follows:

1. The Facilitation Department

- This department is responsible for the assessment of all applications and applicants for facilities, concessions and incentives under the regime for such concessions and incentives as may be in effect at any given time. The department will therefore:
 - evaluate and assess applications
 - Undertake such due diligence investigations as may be necessary to establish the bona fides of the applications or the applicants;
 - Make recommendations on the grant of such concessions etc. that may be in the best interests of Guyana;
 - facilitate the approval by other government agencies of recommended and agreed concessions, etc.,
 - develop mechanisms to facilitate, coordinate and rationalise the grant of multi-agency approvals;
 - providing regular periodic reports on the progress of applications being considered and on all positive or negative recommendations made;
 - maintaining effective communication with applicants.

2. The Promotion Department

This department is responsible for developing and maintaining databases and information on investment opportunities in Guyana and on export opportunities for

Guyana exporters. The department will also be responsible for marketing and communicating investment and export potentials to local and foreign clients and potential clients.

Among its functions are:

- developing and maintaining investment and export databases;
- developing investment profiles;
- developing and maintaining communication with clients;
- marketing Guyana's investment potential;

3. The Industrial Estates Department

This department is to be established to discharge the agency's responsibilities for maintaining and managing the Industrial parks under its control. Among its functions will be:

- maintenance of Industrial Parks – infrastructure and buildings;
- managing leases at the parks, including collection of lease rents and enforcement of lease conditions;
- general property management for GOINVEST.

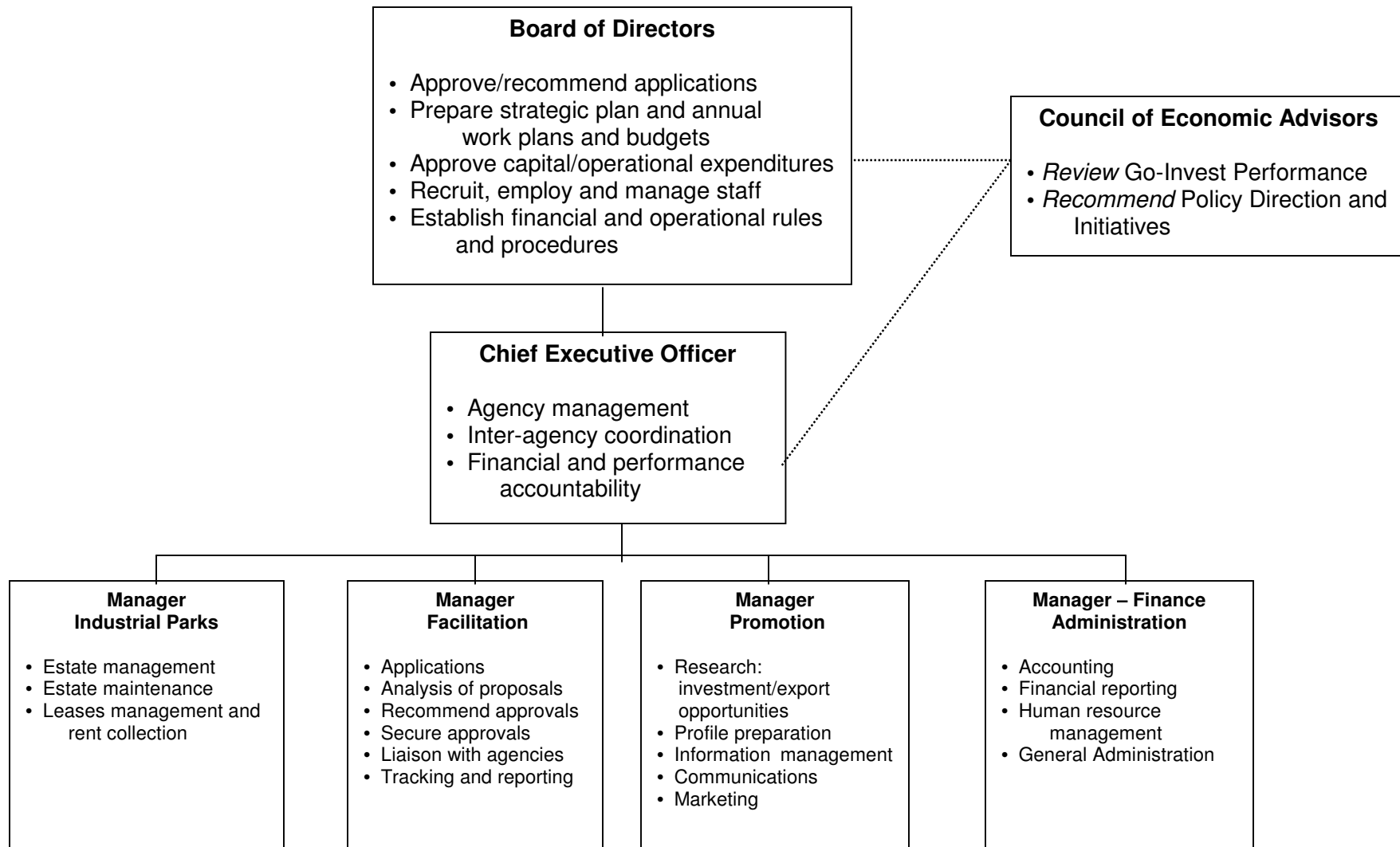
4. The Finance and Administration Department. This department will have responsibility for:

- accounting and finance, including purchasing and financial reporting;
- human resource management;
- general administration of the agency.

A proposed organisation chart outlining the above functional structure is shown below.

Go-Invest Proposed Functional Organization

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IV Logical Framework: Short Term Work Plan for Go-Invest (May – July, 2001)

Objective	Expected Result	Performance Indicators	Assumptions	Resources	Time Frame
The objective of the current programme of action is to restructure and reorganise GOINVEST in order to transform it into an effective mechanism for encouraging and facilitating investment in and exports from Guyana	The establishment of a reorganised and re-energised GOINVEST, with adequate mandates and capabilities to discharge its development role	Publication of a New Order; Organisational changes implemented Complete processing of existing applications; Medium Term Plan in place;	Government (President) maintains support by publishing new Order and providing financial resources; Successful consultations with interested parties	Financial support; Availability of Adequately skilled personnel; Access to appropriate consultancy support (USAID/GEO)	Initial Plan developed within 90 days; Medium term Plan for months 4 – 15 implemented;
SHORT TERM PLAN FOR FIRST THREE MONTHS					
1. Revise the GOINVEST Mandate	Redefined mandate captured in a New Order issued under the Public Corporations Act. Order to define powers and authorities of GOINVEST and its Board	Publication of the new Order Board Appointed?	Approval and publication of the Order by the President.	CEO. Consultant(s) Legal Adviser	Draft Order completed by May 15, 2001 for submission to the President. Order signed and published by May 31, 2001
2. Introduce organisational Changes	Restructure GOINVEST and develop revised job functions and description. Recruit new staff where necessary	New (interim) structure in place. New job descriptions in place Required staff in place Policies and procedures manual developed.	Mandates have been approved Funding is available	CEO Consultants (USAID/GEO) Board Appointed	Implement new structure and job descriptions by June 21, 2001 Policies and procedures manual approved by the Board by December 31, 2001

Objective	Expected Result	Performance Indicators	Assumptions	Resources	Time Frame
3. Process existing Applications	All existing applications reviewed and analysed and strategies for their resolution finalised. Initial report on analysis of applications prepared for the President	Report prepared. Applications being processed and applicants informed of status	Cooperation with agencies responsible for approvals	CEO Staff	Initial analytical report and strategy completed by May 31, 2001
4. Develop Mid Term Action Plan	The Mid Term Plan will detail all activities, targets and responsibilities for the ensuing 12 – 15 months to the end of the 2002 financial year	Completed Plan Document Completed Budget	Mandates granted in accordance with plans. Agreement reached on Interim Policy Statement	CEO Staff	Plan and budgets completed by July 15, 2001; Approval for targets and budgets obtained by July 31, 2001.
5. Develop Interim Policy Statement	The Policy Statement will outline generally agreed policies on investment and on exports and will guide the specific work programmes of the agency, pending the development and approval of Investment and Export Strategies	Policy statement and completed endorsed	Guidance from key stakeholders is obtained: The President, Ministry of Finance, Private Sector, Labour and other agencies	CEO Staff Consultants (USAID/GEO)	Interim Policy Statement completed by June 30, 2001; Approval/endorsement granted by July 31.